

Investigating the Effect of Knowledge Absorption Capacity on Business Model Innovation with the Mediating Role of Strategic Flexibility (Case Study: Small and Medium Enterprises of Fars Province)

Saeed Setoodeh¹, Mohammad Vahid Khaghani²

¹Expert in Electronic Engineering, Shiraz University

²Master's Degree in Entrepreneurship, New Business Orientation, University of Tehran

Abstract— This research was conducted in order to investigate the effect of knowledge absorption capacity on business model innovation with the mediating role of strategic flexibility in small and medium enterprises of Fars province. In this research, research variables were evaluated through a questionnaire. The questionnaire was distributed among 348 people from the statistical population of 3600 managers and experts of small and medium companies in Fars province. The descriptive research method was correlation type. In order to answer the questions and check the hypotheses of the research with Smart-PLS software, structural equation modeling and path analysis method using partial least squares (PLS) method was used. The results of the research indicate that the capacity to absorb knowledge has a significant effect on the strategic flexibility and innovation of the business model. The results also show that strategic flexibility has a significant impact on business model innovation. According to the results of the research, it can be concluded that the capacity to absorb knowledge with the mediating role of strategic flexibility has a significant effect on business model innovation.

Keywords— Knowledge absorption capacity, strategic flexibility, business model innovation.

I. INTRODUCTION

Digital challenges have forced many factories to move their business from a flexible and innovative strategic point of view to an innovative business model, which is usually seen as a change in the organization's value creation. Have. A large-scale study by the CEO of IBM Global Business Services reports that business model innovation is a constant source of value creation for companies around the world. Similarly, leadership management and innovation consulting firms emphasize that business model innovation provides stable competitive advantage in times of continuous change. Therefore, the best management groups conduct research on organizational resources and organizational capacities to achieve innovation in the business model (Foss and Saebi, 2018).

Also, the concept of business model innovation has penetrated the scientific community in a prominent way, especially in management research. Several efforts have been made to recognize business model innovation as a process and its relationship with strategy, which has led to the typology of business model innovation and unraveling the complex coil of business innovation implementation results. The initial systematic literature, covering more than two decades of

business model innovation research, has potentially focused on business innovation through internal momentum. In particular, limited research has been done on whether and how companies' absorptive capacity and their strategic flexibility affect business model innovation. Therefore, in this research, we aimed to test the relationship between absorptive capacity, strategic flexibility and their relationship on business innovation through a questionnaire (Clauss et al., 2019).

Absorptive capacity is a constructive and important factor that affects strategic flexibility and many types of innovation. Absorptive capacity is important as the firm's ability to detect, assimilate and value new and external information to improve innovation capabilities. Basic empirical research shows that absorptive capacity influences innovation and performance. Absorptive capacity is an important prerequisite for the renewal of a knowledge-based company. This will lead to a higher rate of innovation and greater flexibility in reconfiguring resources. Innovation and flexibility are both factors that enhance competitive advantage (Cepeda-Carrion et al., 2012). In this regard, this research seeks to answer these questions: Does knowledge absorption capacity have a significant effect on business model innovation with the mediating role of strategic flexibility?

II. THEORETICAL FOUNDATIONS

Change in technology can be considered as one of the most deadly threats in any successful business. There are many reports of companies where technology was once a competitive advantage for them, but eventually led to their main weakness. Past research shows that these changes are not simply a problem of technological innovation, but are related to the stagnation of business models and innovation in business models (Clauss et al., 2019).

In recent years, special attention has been paid to the terminology or the definition of the concept of business model, and they have raised the question of what is a business model. Business models are often described as structural templates of how companies develop their business, relate different activities and systems to each other, and generally shape the organization's logic. In 2011, Sorescu presented a unified definition of business models: a specific system of interrelated structures, activities, and processes that serve as the organizing

logic of a company to create value (for its customers) and allocate value (for itself and its partners) (Khan et al., 2019).

Flexibility procedures that are related to the goals of the organization or its environment are included in the field of strategic flexibility. These procedures are rarely adopted and are usually related to cases where the changes are very important and effective, such as technological changes, new portfolio of products and services in the market or new business rules in the environment that can change the competition model in it. significant change (Kotlar et al., 2020).

Strategic flexibility refers to the flexibility in using resources and reconfiguring the process, which reflects a type of dynamic capability. Strategic flexibility is considered a key determinant of competitive advantage in turbulent markets. Strategic flexibility positively affects product development, exploratory innovation, and innovation capabilities. Strategic flexibility plays a key role in the success of small and medium organizations. The use of strategic management in large organizations has achieved successful results, but its use in small and medium-sized organizations has received less attention due to special conditions (Limaj and Bernroider, 2019).

SMEs play a key role in innovation, employment, and competitive advantage. One of the requirements for growth, creativity and entrepreneurship in societies is to study the process of failure of small and medium enterprises. Because new firms create new jobs, open opportunities for upward social mobility, foster economic resilience, and strengthen competitiveness and economic productivity, they are important for economic growth. are located (Miroshnychenkoa et al., 2020).

Considering the increase in the quantity and importance of small companies in economic activities and their need to benefit from strategic flexibility in order to succeed in a competitive world, in this research, the impact of absorption capacity on innovation in business models with the mediating role of strategic flexibility in Small and medium companies of Fars province are paid. Therefore, it seems that addressing this issue is part of the necessity of university industrial research activities. This shows the necessity of studying this matter.

2-1- Knowledge absorption capacity

The competitive advantage of organizations depends more on the knowledge they possess than on their physical resources. Outside the organizational boundaries, there are sources of knowledge that organizations can use to develop their competitive capabilities or create new capabilities. Organizations depend on efficient forces that are sensitive to knowledge acquisition and transfer and consider learning from internal and external sources. Employees with a high ability to absorb knowledge improve the organization's knowledge absorption level and help improve innovation in the organization's performance (Kostopoulos, 2011).

Absorptive capacity is the ability to identify the value of new information, extract, absorb and use it for business purposes, and the ability to enable companies to obtain and effectively use external information as much as internal information, so that it affects their innovation. Also, absorptive

capacity can affect the effectiveness of innovative activities (Kostopoulos, 2011). Absorption capacity is divided into two parts: potential and actual. Acquisition and combination are in the potential part, and transfer and exploitation are in the real part (Heiko, 2012).

Knowledge absorption capacity is originally defined as the ability to recognize, combine and apply external knowledge (Andersen, 2012). External knowledge is a very important source for learning new techniques, solving problems, creating individual competencies and establishing new positions for organizations (Wang, 2011). The concept of knowledge absorption capacity is actually the organization's learning from the environment; A type of learning that focuses on learning from knowledge sources in the environment instead of emphasizing knowledge creation through internal organizational experience. If we divide organizational learning approaches into two categories, individual and group, it can be said that Cohen and Levinthal's view on organizational learning and absorbing knowledge from the environment is a view based on individual-centered information processing. Cohen and Levinthal (1989) then defined and used this concept according to the organizational level. They emphasized that in order to gain a superior position in the competitive environment, the organization needs higher quality products, greater effectiveness, as well as innovation and faster response to customers. Outside the boundaries of the organization, there are appropriate amounts of knowledge that organizations can use to develop their competitive capabilities or create new capabilities. New theories, tools and methods that exist in the environment outside the organization such as universities, consulting companies, competitors, other industries, customers and suppliers are among these sources. Cohen and Levinthal (1990) have explained how to use knowledge outside the organization with a concept called "knowledge absorption capacity". They define absorptive capacity as the company's ability to learn from external knowledge through the processes of identifying, simulating and exploiting knowledge. Lane and Lubatkin (1998) define knowledge absorptive capacity as a firm's ability to learn from another firm. Kim (2000) defines knowledge absorption capacity as learning capabilities and problem solving skills. Although based on previous studies such as Allen's (1982) research, absorptive capacity was considered as a byproduct of the organization's research and development efforts, but they state that absorptive capacity is not only a byproduct of research and development activities. It is the organization, but it also includes the diversity or breadth of the organizational knowledge base, previous learning experience, common language, existence of inter-functional mediators and mental models and problem solving ability of the organization members. Van den Bosch and his colleagues have identified three characteristics in knowledge absorption: productivity, scope and degree of flexibility. Efficiency in knowledge absorption refers to the perspective of how specific firms integrate and exploit the scale of costs and revenues in a knowledge-based economy, and scope refers to the breadth of firm knowledge that can be drawn on and the degree of flexibility. refers to which a firm can have additional accesses and reconfiguration to existing knowledge.

2-2- Business model innovation

The importance of innovation in today's fast-paced and changing world is not hidden from anyone. Today, all the countries of the world are seeking to encourage and develop creativity and innovation as one of the main advantages for the survival of companies in order to increase productivity and improve the economic situation. In order to achieve success, many companies were always trying to create innovations in goods, services, markets and operations; But despite numerous innovations in these four areas, serious risks were faced by companies, including (Fass and Saebi, 2018):

- The market share of companies decreased;
- The value curve map showed the weakening of the key differentiators of their business;
- Their activity did not have sufficient growth;
- The needs of key customers were not answered;

It was not easy to identify opportunities for cost reduction and optimal use of resources, and so on, all of which were beyond the ability to focus solely on the aforementioned types of innovation. However, the extensive studies that have been conducted in the past ten years in the field of business indicate the increasing importance of business model innovation compared to other types of innovation, and innovation in business models has been recognized as the key to success in competition. The research carried out by Aibiam from a large number of case studies and interviews with a large number of executives also shows a positive relationship between business model innovation and company performance (Khan et al., 2019). Since the business model is a framework for determining the type of activity and how and when to implement it according to the resources and capabilities of the company, in such a way that it is possible to create value in the form of goods or services for the customer. It can cover all the mentioned failures. Also, during the research conducted by Zut and Amit (2011), they found that business model innovation is cheaper, more efficient and a suitable approach in times of capital shortage, for example, in times of economic recession, compared to other types of innovation. The international research of IBEAM, which was conducted in 2006 and 2008 among the executive directors of the world's top companies, indicated that in various industries, the managers of companies with high profitability and performance are looking for how to innovate in their business models. to improve their abilities in creating and acquiring value (Khanagha et al., 2014). Researches conducted in the field of business model agree that "business model innovation is the key to the company's performance". In 2006, research conducted by the IBEAM research team reported an increased awareness of the need for business model innovation. This study showed that companies with high performance have been more successful in implementing their innovative business model than companies with poor performance. Based on this research and subsequent survey, many business model innovations are currently recognized as a new strategic differentiator (Fass and Saebi, 2018).

2-3- Strategic flexibility

Strategic flexibility is a set of capabilities that enable companies to change. This ability gives companies the

opportunity to deal with environmental changes and also enables them to lead changes in very large competitive markets. While some recent empirical studies investigated the consequences of strategic flexibility. And in the meantime, there was a positive relationship between strategic flexibility and the performance of companies, and it happens when companies are moving towards growing industries or have to face environmental shocks (Sarstedt et al., 2019). The previous cases about strategic flexibility have been mentioned in many research texts, but they are mostly developed in terms of theory and there is little consensus on conceptualization. While previous discussions in this regard are mostly about managerial knowledge, company resources and strategic options, and in the meantime, no conceptual model has been developed and has not been tested and evaluated in connection with these components (Massa and Testa, 2008). Therefore, the relative importance of the formulation of strategic options is considered very important for the development and promotion of strategic flexibility, but empirical evidence supporting this discussion is not available. The lack of consensus on the conceptualization contradicts the research findings about strategic flexibility and is also not useful for managers who are looking for a correct understanding of the issue. Therefore, it is important and vital to develop theory in relation to managerial knowledge, corporate resources and strategic options, their relationship with strategic flexibility to lead to understanding how companies behave under the shadow of environmental turbulence. It is quite clear that conceptual development in this field leads to inconclusive results. Researchers have pointed out the importance of knowing management in the form of beliefs or strategic schemas, and it has been stated that managers use strategic schemas to make decisions. As mentioned by the predecessors regarding strategic flexibility, strategic patterns are like lenses based on prior beliefs and knowledge through which decision makers interpret data in the field of strategy. Therefore, strategic patterns are considered to be effective on the recognition of changes as well as strategic flexibility and subsequent flexible behavior (Liu et al., 2013).

The researchers also discussed management training and tacit knowledge as possible antecedents of strategic flexibility. Therefore, knowledge of management was of great importance in empirical studies: especially the knowledge and beliefs of managers about how to achieve the consequences of performance. As a result, strategic schemas were evaluated as beliefs about strategies to achieve desired goals. However, managers can also take into account the beliefs about the importance of different stakeholders, including customers and competitors, who are prominently involved in the research texts related to market orientation (Fan et al., 2013).

2-4- Conceptual model of research

All research studies are based on a conceptual framework, which defines the desired variables and the relationships between them. This conceptual framework is a model based on which the researcher theorizes about the relationships between the factors that have been identified as important in creating the problem. This theory may not necessarily be the researcher's words and logically derived from the results of previous

research on the issue. Since every field and survey research requires a mental map and a conceptual model that is drawn in the form of appropriate analytical tools, variables and relationships between them, on this basis, the theory is conceptually shown in Figure 1, which can be defined by 4 hypotheses. The test is visible. Please note that all direct connections are assumed to be positive.

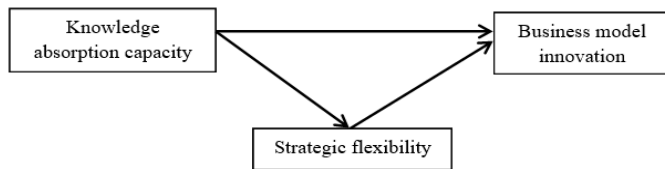


Fig. 1. Conceptual Model of Research

2-5- Research hypotheses

The main hypothesis:

Knowledge absorption capacity with the mediating role of strategic flexibility has a significant impact on business model innovation.

Sub-hypotheses:

Sub-hypothesis 1: Knowledge absorption capacity has a significant effect on strategic flexibility.

Sub-hypothesis 2: Knowledge absorption capacity has a significant effect on business model innovation.

Sub-hypothesis 3: Strategic flexibility has a significant effect on business model innovation.

III. METHODOLOGY

In terms of methodology, this research is a correlational research. Based on how to obtain the required data and in terms of classification of research according to their purpose, the current research is in the category of descriptive research. This research is applied in terms of type and in terms of descriptive-survey method.

In this research, in order to compile the basics, definitions and theoretical concepts, library resources including Brasnad, books and existing scientific articles were used. Also, a standard questionnaire was used to collect the data needed to test the research hypotheses. The information related to the measurement of the research data was collected with a valid questionnaire. In this questionnaire, absorption capacity had 12 questions, strategic flexibility had 6 questions, and business model innovation had 9 questions, and the respondents were asked to express their opinions on each question. This questionnaire was designed and compiled by Miroshnychenkoa et al. (2020).

For content validity, the questionnaire of this research was subjected to the judgment of several experts and professors of business and strategic management working in universities, and after making some corrections and obtaining approval from those professors for higher reliability and acceptability of face validity. About 30 questionnaires were distributed to the statistical population and at first the respondents could not understand some of the questions and after several times of smooth translation of the text and removal of some questions, the questionnaire had sufficient face validity and finally the agreed questionnaire was used as a data collection tool.

The statistical population of this research includes managers and experts of small and medium companies in Fars province. According to the definition of the World Trade Organization: small and medium-sized companies are defined as companies that employ between 10 and 250 people. Companies with up to 10 employees are usually called small companies and companies with more than 250 employees are called large companies. Also, based on Pesshin's research, who used the database of the Organization of Small Industries and Industrial Towns of Iran to study small and medium-sized businesses, this research also followed the use of this database and found that the main source of information regarding Small and medium businesses are the Ministry of Industry, Mining and Trade. After correspondence and contact with the ministry, he managed to receive information related to Iran's businesses, which included 192,872 businesses. Of these, 125,365 businesses are considered small and medium businesses according to the above definition. And there are about 3600 small and medium companies operating in Fars province.

In this research, a simple random sampling method was used to select the samples, and the research questionnaire was randomly distributed among managers and experts of small and medium companies in Fars province. Considering that the size of the statistical population is limited and equal to 3600 people, Cochran's formula was used to select the sample size. Therefore, the number of samples examined in this research is equal to 348 people.

IV. DATA ANALYSIS

In this research, modeling of structural equations using partial least squares method and PLS software has been used to test the assumptions and validity of the model. The PLS is a variance based approach, which requires less constraints in comparison with similar techniques of structural equations such as Laserl and Amos (Liljander et al, 2009). The main advantage is that this kind of modeling requires less number of samples than lasers. It is also considered as a powerful method in situations where the number of samples and items of measurement is limited and the distribution of variables can be indeterminate (Hair et al, 2010). The PLS modeling is done in two steps.

In the first step, the measurement model should be checked through validation and reliability analysis and confirmatory factor analysis. In the second step, the structural model by means of estimating the path between the variables and determining the fitting indexes of the model is examined (Hulland, 1999).

4-1- First step: measurement model

The measurement model test is related to checking the validity and reliability of the measurement tools.

4-1-1- Narrative

AVE (Average Variance Extracted) and CR (Composite Reliability) criteria were used to evaluate the convergent validity, and the results of this criterion for the dimensions of the six research variables are shown in Table No. (1). Composite reliability higher than 0.7 and average variance higher than 0.5 are two necessary conditions for convergent

validity and correlation of constructs (Ching Lin and Chi Huang, 2009). As it is clear from table number (1), all the composite reliability values are higher than 0.7 and the average variance values are higher than 0.5, and this confirms that the convergent validity of the present questionnaire is acceptable. Is.

TABLE 1. The results of the extracted average variance of the research constructs

Variable Criterion	Knowledge absorption capacity	Strategic flexibility	Business model innovation
AVE	0/634	0/600	0/655
CR	0/844	0/865	0/837

In the divergent narrative, the difference between the indices of a structure and the indexes of other structures in the model is compared. This work is calculated by comparing the root AVE of each structure with the values of the correlation coefficients between the structures. For this, a matrix must be constructed that the values of the main diameter are the root matrix of the AVE coefficients of each structure and the lower values of the main diameter are the coefficients of correlation between each structure with other structures. This matrix is shown in Table (2). As can be seen from the table (2), the AVE of each structure has increased its correlation coefficients with other structures, which suggests the acceptability of the divergent validity of the structures.

TABLE 2. AVE Ratio Matrix with Structural Correlation Coefficients (Divergent Validity)

	Knowledge absorption capacity	Strategic flexibility	Business model innovation
Knowledge absorption capacity	0/796		
Strategic flexibility	0/552	0/775	
Business model innovation	0/451	0/601	0/809

4-1-2- Reliability

To examine the reliability of the questionnaire, in addition to the Cronbach's alpha coefficient presented in Table 3, and confirming the reliability of the questionnaire, the PLS method has also been used.

The PLS method uses index reliability (Rivard and Huff, 1988). Indicator reliability is also calculated by measuring the factor loads by calculating the correlation between the indices of a structure with that structure, which if this value is equal to or greater than 0.6 (Hulland, 1999), it is confirmed that the reliability in the model of measurement is acceptable. However, if the factor load between a question and a related dimension is less than 0.6, then it is possible to delete that question from the model and subsequent analysis. As shown in Fig. 2, all values of factor loads among structures and questions are greater than 0.6, which shows a high correlation.

TABLE 3. Cronbach Alpha Coefficient

Research structures	Knowledge absorption capacity	Strategic flexibility	Business model innovation
Cronbach's alpha coefficients	0/846	0/811	0/866

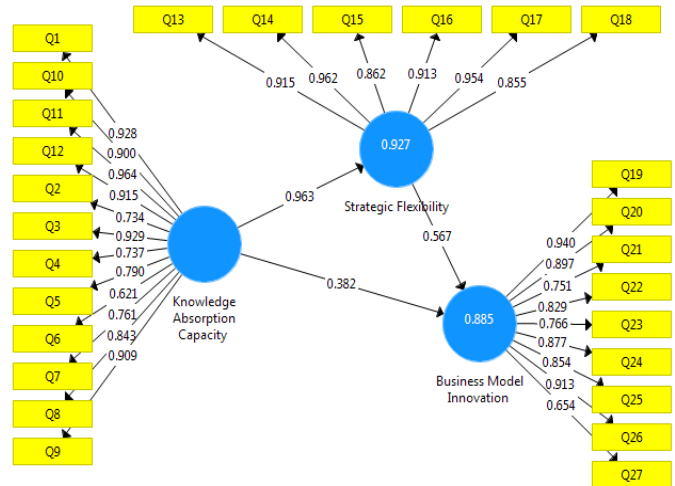


Fig. 2. Software output - test model of research (path coefficients and factor load).

4-2- Structural Model and Hypothesis Test

A structural pattern test examines the hypothesis of research and the effect of hidden variables on each other. To validate the research hypotheses, the Bootstrapping command of Smart PLS software was used to show the output of the coefficients t (Fig. 3). When the values of t in the range is more than 1/96 + and less than 1/96, it is indicative of the significance of the relevant parameter and is subsequently confirmation of the research hypotheses.

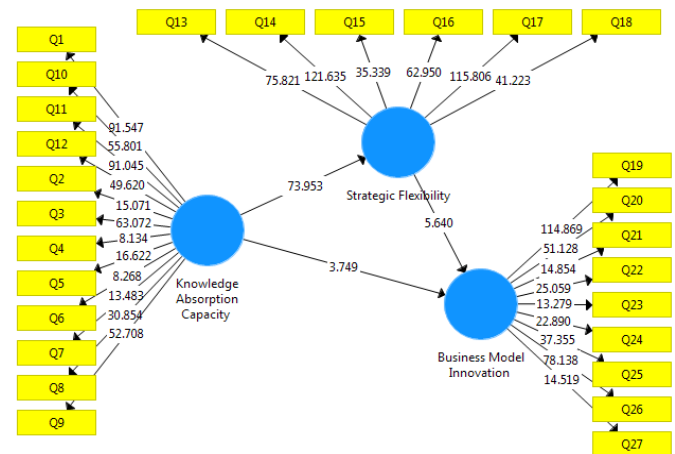


Fig. 3. Software output - coefficients t

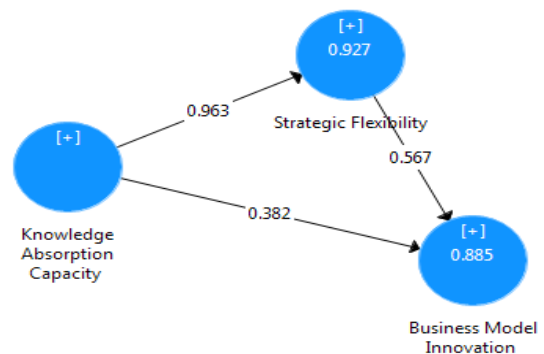


Fig. 4. Evaluation of shaping modeling models

4-3- Methods of evaluation of shaping models

One of the ways to evaluate shaping models is the coefficient of determination (R2). The coefficient of determination (R2) examines how many percent of the variance of a dependent variable is explained by the independent variable(s). Therefore, it is natural that this value is equal to zero for the independent variable and is greater than zero for the dependent variable. The higher this amount is, the greater the influence of independent variables on dependent variables. According to the determination coefficient of the model, it can be said that the knowledge absorption capacity variable has been able to explain 0.927 of the variance of the strategic flexibility variable. Also, the variables of knowledge absorption capacity and strategic flexibility together have been able to explain 0.885 of the variance of the business model innovation variable; The researchers have introduced three values of 0.19,

0.33 and 0.67 as criteria values for weak, medium and strong values of R2. Based on this, it can be concluded that the model has a high predictability, the remaining value is related to the prediction error and can include other influencing factors of strategic flexibility and innovation of the business model.

4-4- Answer to hypotheses

According to the results obtained from the path coefficient and t-statistics, all research hypotheses were confirmed, and the results showed that the capacity to absorb knowledge has a significant effect on the strategic flexibility and innovation of the business model. The results also show that strategic flexibility has a significant impact on business model innovation. According to the results of the research, it can be concluded that the capacity to absorb knowledge with the mediating role of strategic flexibility has a significant effect on business model innovation

TABLE 4. Direct effects, t statistic and outcome of research hypotheses

Theories	Standardized path coefficient β	Statistics t	Mean	Accept or reject the hypothesis
The main hypothesis				
Knowledge absorption capacity \rightarrow Business model innovation with the mediating role of strategic flexibility	0/546	73/953 & 5/640	Sig<0.05	Accept
Sub-hypotheses				
Knowledge absorption capacity \rightarrow Strategic flexibility	0/963	73/953	Sig<0.05	Accept
Knowledge absorption capacity \rightarrow Business model innovation	0/382	3/749	Sig<0.05	Accept
Strategic flexibility \rightarrow Business model innovation	0/567	5/640	Sig<0.05	Accept

V. CONCLUSION AND RECOMMENDATIONS

In order to adapt to the speed of changes, businesses must use ideas or processes that lead to the development of new products or services in emerging markets, and in addition, they must use current capabilities to exploit existing products and services. Therefore, innovation can be a sustainable and inimitable competitive advantage of businesses. This means that in order to maintain the current profitability of the organization, exploitative innovation in existing products and markets, and in order to ensure the long-term survival of the organization, exploratory innovation in new products and markets, and to have appropriate performance in relation to market changes. Doing this important thing (focusing on current and simultaneous capabilities of new products and markets) is very complicated and often contradictory. To overcome this contradiction, strategic flexibility and high absorption capacity of business can be used. Since fundamental innovations in new products and markets require extra-organizational knowledge and outside the boundaries of the organization, it indicates the close relationship between innovation, strategic flexibility and knowledge absorption capacity.

The current research was conducted with the aim of investigating the relationship between knowledge absorption capacity, strategic flexibility and business model innovation. Because the capacity to absorb knowledge can have a different effect on the strategic flexibility and innovation of the business model. The research results indicate that the capacity to absorb knowledge has a significant effect on strategic flexibility. The

results also show that knowledge absorption capacity and strategic flexibility have a significant impact on business model innovation. According to the research results, it can be concluded that the capacity to absorb knowledge with the mediating role of strategic flexibility has a significant effect on business model innovation.

It is justified in this way that the knowledge absorption capacity identifies and absorbs knowledge from outside the organization and focuses on knowledge beyond the existing knowledge in the organization in order to be able to identify the knowledge needs of the company from the environment for the organization. This focus on outside the boundaries of the organization can bring innovations for the organization that can be provided either with a completely new product or current products in a completely new market. On the other hand, the capacity to absorb knowledge is also the transformation and application of identified and absorbed knowledge, and it needs to focus on the internal processes of the organization, which can lead to the identification of improvements in the current processes and products of the organization, in other words, exploitative innovation. be made

Therefore, it is suggested to strengthen the capacity of knowledge absorption in businesses for exploration and exploitation in the innovation sector. Also, an arrangement should be adopted in the organizations to take advantage of the discoveries made in periods of time and before the current exploration becomes obsolete, they should change their strategy, structure and culture towards exploratory innovation so that a cycle of exploration and exploitation happens. fall In the time periods when the organization is engaged in

exploration, the capacity of knowledge absorption should be strengthened, and in the period when the organization is engaged in exploration, the capacity of knowledge absorption should be strengthened.

As seen, strategic flexibility plays an important role in the process of impacting knowledge absorption capacity on business model innovation. Strategic flexibility is a set of capabilities that enable companies to change. This ability gives companies the opportunity to deal with environmental changes and also enables them to lead changes in very large competitive markets. Therefore, by creating flexibility in their strategies and using practical information required for strategy transfer, as well as controlling strategy transfer and taking necessary pre-measures, they create the right conditions to use the knowledge absorption capacity of companies in order to improve business innovation. Create a job.

Therefore, in order to improve the innovation of the business model by using the capacity to absorb knowledge and strategic flexibility, the following suggestions are presented:

- Reviewing the strategies of the organization and trying to improve and align it with the interests and capabilities of employees and managers in order to increase innovation.
- Necessary training in order to correctly estimate the levels of resources needed to implement information systems at the organization level
- Clear explanation of the organization's mission and vision for employees and managers, so that employees and managers know their duties and responsibilities well and take steps in this direction.
- Providing suitable facilities and facilities, securing the work environment, financial incentives, promotion and level of rank based on innovativeness and inventing new methods by employees and managers.
- Giving more authority to employees in favor of the quality of organizational performance
- Explaining the principled and scientific methods to improve the performance of employees and managers; Transferring experiences and appropriate solutions to them, using efficient methods compiled by scientific societies; Training facilities to improve the level of innovation and high performance
- Providing incentives and bonus measures, motivation to use appropriate and correct knowledge management strategy and knowledge transfer and interaction between employees and managers in order to learn the role of knowledge in improving performance.
- Creation of an open and constructive space by managers; By using the participation of organization members in decision-making and conflict resolution, creating a system of suggestions, meritocracy and creating a spirit of creativity and innovation, creating motivational factors such as a reward and service system, establishing a safe and comfortable environment, it is possible to help the growth and excellence of the organization.
- Enjoying a healthy and safe environment, delegation of responsibility based on ability and competence, timely and appropriate payment of salaries, counseling and guidance of

employees with specialists and officials, manager's support for subordinate employees

- Facilitating the cooperation and participation of more employees and managers by creating a common vision and specifying the importance of having a strong commitment to the goal, creating work teams and providing rewards based on cooperation and participation as well as cost management.

REFERENCE

- [1]. Clauss, T., Abebe, M., Tangpong, C., & Hock, M. (2019). Strategic agility, business model innovation, and firm performance: An empirical investigation. *IEEE Transactions on Engineering Management*, 1–18.
- [2]. Fan, Z., Wu, D., & Wu, X. (2013). Proactive and reactive strategic flexibility in coping with environmental change in innovation. *Asian Journal of Technology Innovation*, 21(2), 187–201.
- [3]. Foss, N. J., & Saebi, T. (2017). Fifteen years of research on business model innovation. *Journal of Management*, 43(1), 200–227.
- [4]. Foss, N. J., & Saebi, T. (2018). Business models and business model innovation: Between wicked and paradigmatic problems. *Long Range Planning*, 51(1), 9–21.
- [5]. Hair, J.F., Jr., Black, W.C., Babin, B.J., Anderson, R.E. & Tatham, R.L. (2010). *Multivariate data analysis*. New Jersey: Pearson Education.
- [6]. Heiko Gebauer, H. (2012). Absorptive capacity, learning processes and combinative capabilities as determinants of strategic innovation, *European Management Journal*, No.1, pp.57–73.
- [7]. Hullahand. (1999). *Use of partial least Science, Environment, Engineering and Technology Griffith University*.
- [8]. Kandemir, D., & Acur, N. (2012). Examining proactive strategic decision-making flexibility in new product development. *Journal of Product Innovation Management*, 29(4), 608–622.
- [9]. Khan, Z., Lew, Y. K., & Marinova, S. (2019). Exploitative and exploratory innovations in emerging economies: The role of realized absorptive capacity and learning intent. *International Business Review*, 28(3), 499–512.
- [10]. Khanagha, S., Volberda, H., & Oshri, I. (2014). Business model renewal and ambidexterity: Structural alteration and strategy formation process during transition to a Cloud business model. *R&D Management*, 44(3), 322–340.
- [11]. Kostopoulos, K., Papalexandris, A., Papachroni, M., & Ioannou, G. (2011). Absorptive capacity, innovation, and financial performance. *Journal of Business Research*, 64(12), 1335–1343.
- [12]. Kotlar, J., De Massis, A., Frattini, F., & Kammerlander, N. (2020). Motivation gaps and implementation traps: The paradoxical and time-varying effects of family ownership on firm absorptive capacity. *Journal of Product Innovation Management*, 37(1), 2–25.
- [13]. Liljander, V., Polsa, P., & van Riel, A. (2009). Modelling consumer responses to an apparel store brand: Store image as a risk reducer. *Journal of Retailing and Consumer Services*, 16, 281–290.
- [14]. Limaj, E., & Bernroider, E. W. N. (2019). The roles of absorptive capacity and cultural balance for exploratory and exploitative innovation in SMEs. *Journal of Business Research*, 94, 137–153. <https://doi.org/10.1016/j.jbusres.2017.10.052>.
- [15]. Liu, H., Jiang, X., Zhang, J., & Zhao, X. (2013). Strategic flexibility and international venturing by emerging market firms: The Moderating effects of institutional and relational factors. *Journal of International Marketing*, 21(2), 79–98.
- [16]. Miroshnychenko, I. strobl, A. matzler, K. massis. A. (2020), absorptive capacity, strategic flexibility, and business model innovation: empirical evidence from italian smes, *journal of business research*. 62. 957 – 961.
- [17]. Sarstedt, M., Hair, J. F., Cheah, J.-H., Becker, J.-M., & Ringle, C. M. (2019). How to specify, estimate, and validate higher-order constructs in PLS-SEM. *Australasian Marketing Journal*, 27(3), 197–211. <https://doi.org/10.1016/j.ausmj.2019.05.003>.
- [18]. Zott, C., & Amit, R. (2007). Business model design and the performance of entrepreneurial firms. *Organization Science*, 18(2), 181–199.